

**REMARKS**

In response to Applicant's filing of a Brief on Appeal and entry of same, the Examiner is thanked for re-opening prosecution.

**Non-Art Rejections Under 35 U.S.C. § 112**

The Examiner is thanked for the helpful suggestions regarding proposed claims structure to overcome the various 112 issues identified by the Examiner. Accordingly Applicant has incorporated many of the Examiner's suggestions in amending the independent claims, claims 1, 13, 25, 26, 27 and 28. These claims now recite the phrase "transferring patented goods" since goods subject to the claims of one or more patents are patented goods, no impermissible new matter is introduced by the use of this phrase, since originally presented claims constitute part of the disclosure. The word "enforceable" has been added as an adjective modifying the word patent; antecedent basis for the addition of this word to the claims is to be found in the specification at page 3, line 7. Additional clarifying language has been added, primarily as a matter of grammatical clarification. Accordingly, Applicant respectfully submits that the claims as amended have overcome the Examiner's rejections under section 112 and withdrawal of these grounds of rejection is respectfully requested.

**Rejections Under 35 U.S.C § 101**

The Examiner has rejected claims 1 and 3 - 28 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. This rejection is respectfully traversed for the following reasons.

The Examiner has conducted an extensive analysis as to whether Applicant's claimed invention:

- a) transforms an article or physical object to a different state or thing; or
- b) otherwise produces a useful, concrete and tangible result.

The Examiner has erroneously concluded that Applicant's invention does not transform an article or a physical object to a different state or thing, asserting "[t]ransferring goods allows the goods to remain in the same state, albeit allowing them to change physical locations." This is a misapprehension of Applicant's invention as now claimed; patented goods owned by a patentee (hereinafter transferor), having a complete bundle of rights associated therewith, are transferred to a transferee and the rights therein are transferred by means of a legal instrument that prohibits the transferee from using the goods to develop new intellectual property, the associated rights have at least one less right, the right to develop intellectual property. While the goods are indeed the same, the rights in the goods as between transferor and transferee are different. Applicant respectfully submits that Applicant's invention as now claimed satisfies the first prong. On the basis of the predicate analysis set forth by the Examiner nothing further is required, since Applicant's invention as now claimed recites statutory subject matter. Withdrawal of the grounds of rejection under 35 U.S.C. § 101 is respectfully requested.

The Examiner has concluded that Applicant's invention "has a specific, substantial and credible result and thus produces a useful result. Withdrawal of the grounds of rejection under 35 U.S.C. § 101 is respectfully requested.

In the Examiner's extended discussion that discusses "tangible result" the Examiner asserts: "the opposite meaning of 'tangible' is 'abstract.'" This is an error of logic, the opposite of "tangible" is "not tangible" or "intangible" (in contrast to "abstract"). Things that are abstract may be intangible but not all intangible things are abstract. This is not mere semantic quibbling, because intellectual property while it is intangible is not abstract. With all due respect, since the Examiner's analysis is based on this fundamental

mis-characterization, the Examiner's analysis cannot withstand logical scrutiny. The benefit afforded by Applicant's invention as now claimed is to contractually limit the use of a claimed invention as provided for by the statute in 35 U.S.C. § 154 which states in pertinent part: "the right to exclude others from using or selling throughout the United States." Applicant respectfully submits this does produce a real-world benefit and thus has a very significant application. Withdrawal of the grounds of rejection under 35 U.S.C. § 101 is respectfully requested.

In the Examiner's extended discussion that discusses "concrete result" the Examiner asserts: "[t]he opposite of 'concrete' is unrepeatable or unpredictable." The opposite of "unrepeatable" is repeatable, not "concrete" and the opposite of "unpredictable" is predictable, not "concrete." With all due respect, this is fallacious reasoning based on fallacious semantics. The Examiner goes on to maintain that "[t]he invention is directed to trying to control human behavior based on an abstract intellectual or legal concept which provides an obligation for a person to do or not do something . . . The Examiner asserts that this control of human behavior is not predictable since only the party/licensee knows whether he/she will honor the obligation." Contracts are obligations to perform or to abstain from performing certain activities in consideration of the exchange of value. Contracts are attempts to control human behavior as are laws. This line of reasoning is vague and overbroad and would invalidate every contract, every statute, and every patent. Applicant's invention always produces a transfer of patented goods from a transferor patentee to a transferee who is prohibited from using the goods to develop new intellectual property. Whether the transferee abides by the restrictions placed on his/her reduced rights in the goods is a separate contract issue between any transferor and any transferee that is collateral to Applicant's method claims and not relevant to patentability. Withdrawal of the grounds of rejection under 35 U.S.C. § 101 is respectfully requested.

The Examiner asserts that Applicant is seeking protection for a legal concept and as such is an abstract idea which may not be patented. Applicant respectfully notes that when a claim recites patentable subject matter, e.g. such as the transfer of patented goods or the shifting of physical assets, *infra*, and an algorithm, the claim is patentable. "Excluded from patent protection are laws of nature, physical phenomena and abstract ideas." Diamond v Diehr, 450 U.S. 175, 185, 209 U.S.P.Q. 1, 7 (1981) This list does not recite the application of a legal concept to a statutory process. Withdrawal of the grounds of rejection under 35 U.S.C. § 101 is respectfully requested.

The Examiner's attention is now respectfully directed to Ex parte Lundgren, 76 U.S.P.Q.2d 1385, 2004 WL 3561262 (BPAI 2005) which is a precedential opinion of the Board of Patent Appeals and Interferences. The positions taken by the Examiner in making the rejection under section 101 appear to be positions articulated by the dissents in Ex parte Lundgren. Ex parte Lundgren, 76 U.S.P.Q.2d 1385, 1385, 2004 WL 3561262 (BPAI 2005).

Applicant claims "transferring patented goods" in independent claims 1, 13, 25, 26, 27 and 28 (all the nremaining claims depend from one these independent claims). The first time Mr. Lundgren appealed the rejection under 35 U.S.C. §101 a merits panel reversed the Examiner's rejection under 35 U.S.C. §101 stating: "[w]e find that the claim language recites subject matter that is a practical application of shifting physical assets to the manager. We note the remaining claims also recite the above practical application. Therefore, we find statutory subject matter." Ex parte Lundgren, 76 U.S.P.Q.2d 1385, 1385, 2004 WL 3561262 (BPAI 2005). Applicant respectfully submits that the transfer of patented goods as instantly claimed recites statutory subject matter as found by the Board of Pateent Appeals and Interferences. Withdrawal of this ground of rejection is respectfully requested.

Art Based Rejections under 35 U.S.C. §102(b) and §103(a)

Art Based Rejections under 35 U.S.C. §102(b)

The Examiner has rejected claims 1 and 3-28 as being anticipated by Erbisch and Maredia, Intellectual Property Rights in Agricultural Biotechnology (hereinafter Erbisch) stating: "Erbicsh discloses a method of doing business comprising the transfer of intellectual property rights in goods from a licensor to a licensee. Terms and conditions are inherent in any license." This rejection is respectfully traversed for the following reasons.

In making a subsequent rejection under section 103(a) in the same action the Examiner admits: "Erbisch does not disclose that the license reserves some or all of the intellectual property rights in the goods to the licensor wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license . . ." Since Erbisch does not disclose one of the elements of Applicant's claims, Erbisch can not anticipate Applicant's claims as a matter of law:

"For a prior art reference to anticipate in terms of Sec. 102, every element of the claimed invention must be identically shown in a single reference. *Diversitech Corp. v. Century Steps, Inc.*, 850 F.2d 675, 677, 7 U.S.P.Q.2d 1315, 1317 (Fed. Cir. 1988) These elements must be arranged as in the claim under review, *Lindemann Maschinenfabrik v. American Hoist & Derrick Co.*, 730 F.2d 1452, 1458, 221 U.S.P.Q. 481, 485 (Fed. Cir. 1984), but this is not an 'ipsissimus verbis' test, *Akzo N. V. V. United States Int'l. Trade Comm'n.*, 808 F.2d 1471, 1479 & n.11, 1 U.S.P.Q.2d 1241, 1245 & n.11 (Fed. Cir. 1986), cert. denied 482 U.S. 909 (1987)." ***In re Bond***, 910 F.2d 831, 15 U.S.P.Q.2d 1566 (Fed. Cir. 1990) *emphasis added*.

The each and every element test required for a rejection under section 102 has not been satisfied:

"The factual determination of anticipation requires the disclosure in a single reference of every element of the claimed invention. Moreover, it is incumbent upon the examiner to identify wherein each and every facet of the claimed invention is disclosed in the

applied reference." Ex parte Levy, 17 U.S.P.Q.2d 1461, 1462 (BPAI 1990) *emphasis added*.

Withdrawal of the grounds of rejection under 35 U.S.C. §102(b) is respectfully requested.

**Art Based Rejections under 35 U.S.C. §103(a)**

The Examiner has rejected claims 1 and 3 - 28 over Erbisich stating: "Erbisch discloses a method of doing business comprising the transfer of of goods from a licensor to a licensee or a transferor to a transferee having terms in the area of intellectual property. (see Transferring Intellectual Properties - pages 31-47). Erbisich also discloses the transfer of intellectual property rights which would include patents." The Examiner admits: "Erbisch does not disclose that the license reserves some or all of the intellectual property rights in the goods to the licensor wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license . . ." Erbisich fails to disclose Applicant's term as now claimed prohibiting use of the patented goods to develop new intellectual property and the Examiner does not remedy this defect in the teaching of Erbisich by citing another reference that teaches or suggests this term.

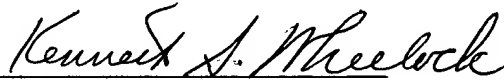
The Examiner takes Official Notice that a lease is an exclusive license and both leases and licenses are contract instruments that convey the right to use or possess to another. The Examiner cites Black's Law Dictionary for the proposition that a contract is an agreement between two or more persons which create an obligation to do or not do a particular thing. Neither the Examiner's Official Notice not Black's Law Dictionary remedy the defect of Erbisich in failing to disclose Applicant's term as now claimed prohibiting use of the patented goods to develop new intellectual property.

The Examiner has failed to make out a prima facie case of obviousness because the examiner has not pointed to reference or teaching that suggests or motivates the use of

Applicant's term as now claimed prohibiting use of the patented goods to develop new intellectual property. "If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent. See *In re Grabiak*, 769 F.2d 729, 733, 226 USPQ 870, 873 (Fed. Cir. 1985); *In re Rinehart, supra.*" *In re Oetiker*, 24 U.S.P.Q.2d 1443, 1444 (Fed. Cir. 1992) . Withdrawal of the grounds of rejection under 35 U.S.C. §103(a) is respectfully requested.

Having properly traversed and rebutted all of the Examiner's rejections, a Notice of Allowance appears next in order. Accordingly Applicant respectfully solicits a Notice of Allowance for claims 1 and 3 - 38, the claims currently pending.

Respectfully submitted:



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